

MEMORANDUM

~~TOP SECRET~~

19 June 1951

Approved For Release 2001/03/09 : CIA-RDP79R01012A000800050044-9

From: China Unit

For: [REDACTED]

Via: [REDACTED]

Subj: NIE-32 - Comments on

1. Information available to China Unit supports the major conclusions of NIE-32, but reflects some doubt on certain formulations therein.

2. In regard to the political discussion in Par. 6-7-8:

(a) Although the conclusion of Par. 6, as expressed in the first sentence, is supported by available evidence, the "rumors" of the second sentence and the "fairly reliable evidence" of the third appear to refer to the same material. Suggest instead: "There are rumors of an accentuation of differences among the Chinese Communist high command, and of uneasiness among lesser leaders, regarding the Peiping regime's venture in Korea. On the other hand...."

(b) Par. 7 appears entirely sound, with the possible exception of the phrase "including some ardent supporters of the regime."

(c) Par. 8 appears sound with the exception of certain phrases in the last two sentences. It is doubtful that the regime has alienated elements of society whose skills the regime itself "has regarded as essential...." or that such alienation can properly be regarded either by Peiping or by outside observers as, "in the long run," having "serious effects on the stability of the regime." Peiping has apparently calculated that the loss will be short-term only and will be replaced; such a loss, while substantial, is most unlikely to be so serious as to pose a genuine threat to the regime's stability, now or later.

3. In regard to the economic discussion in Par. 9 through 16:

(a) In Par. 9, suggest omission of the phrase "though it has to support an urban population of 60 million," or, alternatively, say "over 60 million." The 60-million figure is probably too low if the usual demographer's concept of 'urban' is intended; e.g., in the US, people living in towns of only 2500 population are classified as urban in census statistics.

(b) Communist construction of rail lines in Szechuan and Kwangsi at present requires investment in material (steel rails and bridging) as well as labor; therefore suggest rewording of passage, "only the investment of labor," in Par. 11, to some such wording as: "...have restricted the Peiping regime's reconstruction efforts primarily to those projects requiring predominantly the investment of labor rather than material..."

(c) In Par. 14, suggest omission of phrase "except in the case of purely civilian-type goods." The output of textile and rubber manufactures (which are civilian-type goods, even if directed to military end-use) expanded during the course of the year.

(d) There have been frequent indications recently of interruptions and delays in the movement of individual non-military shipments, although--see Par. 15--it is true that no evidence is available to indicate that the volume of such traffic has been sharply curtailed in the aggregate.

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1. CHANGE IN CLASS. ☐

2. DECLASSIFIED

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